



ACE & FTZs

- **RLF:** Filers are now allowed to make Remote Location Filings (RLF) for Foreign-Trade Zone (FTZ) entries (Entry Type 06), including Weekly Entries. CSMS [#16-000868](#) (Oct. 4, 2016).
- **Duty Deferral:** Customs has announced a delay in the mandatory filing in Automated Commercial Environment (ACE) of NAFTA Duty Deferral (Type 08) entries. CSMS [#16-000861](#) (Oct. 3, 2016).
- **FDA:** On September 20, 2016, FDA functionality was made available in ACE for FTZ entries (Type 06). FDA Prior Notice (PN) is required for foods admitted to an FTZ, not when goods are withdrawn from the Zone. CSMS [#16-000830](#) (Sept. 20, 2016).
- **APHIS Lacey:** The Animal and Plant Health Inspection Service (APHIS) is creating several interim measures for filing Lacey Act information in ACE for FTZs. The interim measures will provide data on goods admitted to the FTZ until the e-214 is fully integrated into ACE in 2017.
- **EPA:** The National Association of Foreign-Trade Zones (NAFTZ) has [requested](#) that the Environmental Protection Agency (EPA) reconsider its plans to require electronic filing of EPA declaration forms for vehicles and engines at the time of FTZ Weekly Estimated Entry.

WASSANAAR CHANGES

The Bureau of Industry and Security (BIS) updated the Export Administration Regulations and 9 of the 10 Commerce Control List (CCL) categories on September 20. These changes include a number of updates to the encryption regulations in Category 5-2. Changes include the removal of some low-level encryption classifications and the addition of classifications related to systems designed to weaken or detect system intrusions. 81 Fed. Reg. [64656](#) (Sept. 20, 2016).

2016 SEMINAR DATES

The firm is offering two seminars before the end of the year:

- November 1 & 2 - Import/Export 101 & 201
 - December 6 & 7 - FTZ 101 & 201
- Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

SECTION 321 DE MINIMIS

In response to the August 26 Customs Interim Final Rule on the "release from manifest" process under the new Section 321 \$800 de minimis level, the National Customs Broker and Freight Forwarders Association (NCBFFA) has suggested an entry process in ACE to allow enforcement of trade laws, risk-based targeting, and adherence to Partner Government Agency (PGA) import requirements. Express companies have called for a separate Section 321 module in ACE to allow for easier manifest release and regulations requiring all goods entered to be considered Customs business, requiring involvement by importers or brokers. We continue to believe the new Section 321 process raises potentially significant compliance concerns, particularly involving PGA-regulated products.

TARIFF ENGINEERING?

In a closely-watched case, the U.S. Court of International Trade (CIT) has denied cross motions for summary judgment because it lacked sufficient information about rear seats that Ford removed after importation from Ford Transit Connect vehicles. Customs considered it an artifice or disguise and Ford argued it was legitimate tariff engineering. Ford is challenging Customs classification of the vehicles as cargo vans (25% duty rate) rather than as passenger vehicles (2.5%). [Ford Motor Co. v. U.S.](#), CIT Slip Op. [16-92](#) (Oct. 5, 2016).

PGAs & ACE

- **DEA:** The Drug Enforcement Administration (DEA) has issued a Proposed Rule to require electronic filing of permit applications, import and export declarations, and other required filings for controlled substances, listed chemicals, and tableting and encapsulating machines. 81 Fed. Reg. [63576](#) (Sept. 15, 2016).
- **NMFS:** Effective September 20, 2016, export filers that do not include the additional data elements required by the National Marine Fisheries Service (NMFS) will receive a verify or warning message. Eventually the missing data will cause a fatal error and rejection.
- **EPA:** Effective September 30, 2016, the EPA will allow an electronic alternative to the Notice of Arrival for some imports of pesticides and devices. 81 Fed. Reg. [67140](#) (Sept. 30, 2016).

RETURNED GOODS

Customs has issued a ruling on the newly expanded American Goods Returned provision which now also allows non-U.S. origin merchandise to be returned duty-free within three years under Harmonized Tariff Schedule of the United States (HTSUS) subheading 9801.00.10. Proof requirements will differ for U.S. and non-U.S. merchandise based on whether they are returned within three years. HQ [H276787](#) (Aug. 17, 2016).

FTZ SECURITY UPDATES

Based on an April Customs memorandum and new bonded facility physical security guidelines issued by Customs (January 29, 2016), all FTZ Operations Manuals should be updated accordingly, as required by 19 C.F.R. § 146.21(b)(2). Our firm can provide new template language or work with you to update your existing manual. Please contact Linda King for more information.

EXPORT CONTROL REFORM

The Bureau of Industry and Security (BIS) and Directorate of Defense Trade Controls (DDTC) has published Final Rules on October 12 that move some fire control systems, laser, guidance and imaging equipment from the U.S. Munitions List (USML) to the Commerce Control List (CCL). The new rule goes into effect on December 31. 81 Fed. Reg. [70320](#) and [70340](#) (Oct. 12, 2016).

IRAN FAQs UPDATE

On October 7, the Office of Foreign Assets Control (OFAC) updated its list of [Frequently Asked Questions \(FAQs\)](#) regarding U.S. sanctions relating to Iran. The updates clarify the allowance for U.S. persons to modify processes for entities they own or control and for due diligence by non-U.S. persons.

LIQUIDATION NOTICES

Customs has issued a Proposed Rule to post official notices of actual, suspended, or extended liquidation for all entries, including those filed in paper form, on its website. This will replace the physical posting of notices at U.S. ports of entry and the mailed notices of extension or suspension. Comments are due by November 14, 2016. 81 Fed. Reg. [71019](#) (Oct. 14, 2016).

BURMA SANCTIONS LIFTED

- On October 7, President Obama signed an [Executive Order](#) lifting the sanctions on Burma/Myanmar. Some entities still remain on the Specially Designated Nationals (SDN) List, so care must still be taken when selling into Burma. The Office of Foreign Assets Control (OFAC) has issued a [fact sheet](#) explaining the changes. 81 Fed. Reg. [70593](#) (Oct. 12, 2016).
- Presidential Proclamation 9492 restores Generalized System Preferences (GSP) benefits to Burma on November 13. 81 Fed. Reg. [63671](#) (Sept. 16, 2016).

MTB

- The U.S. International Trade Commission (USITC) has released an Interim Rule on the Miscellaneous Tariff Bill procedures. 81 Fed. Reg. [67144](#) (Sept. 30, 2016).
- The USITC has requested the submission of proposed duty suspension or reduction bills by December 12, 2016, and [created](#) a web portal for submissions. Contact Scott Taylor with questions. 81 Fed. Reg. [71114](#) (Oct. 14, 2016).

DUTY EVASION CASE

Federal prosecutors have filed suit against garment importer Yingshun, alleging [duty evasion](#) by understating the value of imported garments using a double invoice scheme. The scheme allowed Yingshun to avoid a 32% duty rate.

SINGLE WINDOW

The U.S., Mexico, and Canada have entered into an extensive dialogue to [implement](#) a North America Single Window (NASW) for submission of trade data. The required data elements for the existing U.S. and Canadian Single Window initiative are already 96% [aligned](#). The remaining 4% are country specific.

AD/CVD EVASION

Customs has issued two [checklists](#) to help whistleblowers submit claims asserting allegations of antidumping or countervailing duty (AD/CVD) evasion under the Enforce and Protect Act (EAPA).

ACE HAND CARRIES

Los Angeles Customs has [released](#) updated guidance on filing entries in ACE for cargo hand carried by passengers. Filers are urged to fill out a "Passenger Hand-Carry Release for ACE Entry" and pre-file it in ACE via the Document Image System (DIS). Companies should have hand carry guidance in place for business travelers. Contact Brian Murphy with questions.

AD/CVD SCOPE RULINGS

The CIT has ruled that Department of Commerce AD/CVD scope rulings are binding on the merchandise and may be relied on by others importing the same merchandise. [Guangzhou Jangho Curtain Wall System Engineering Co., Ltd., et al. v. U.S.](#), CIT Slip Op. [16-87](#) (Sept. 19, 2016).

AQUA LANE

The LA/Long Beach Port of Entry has issued Bulletin [LA 16-023](#) (Sept. 28, 2016) announcing that C-TPAT-qualified sea carriers and terminal operators may apply for the Customs Advanced Qualified Unloading Approval (AQUA) Lane program, which permits the unloading of cargo prior to Customs meeting the vessel.

FCPA

InBev has agreed to settle Foreign Corrupt Practices Act charges by paying \$6 million in response to claims of improper payments by a subsidiary joint venture to Indian government officials. The Company also allegedly had an agreement with a former employee to not disclose these payments. SEC [No. 3-17586](#) (Sept. 28, 2016).

ACE

- [Statements](#): Customs is preparing to roll out new ACE capabilities to complete the delivery of core trade processing in ACE. January 2017 is the target for deploying collections and statement capabilities in ACE.
- [Reconciliation](#): Customs is targeting January 2017 to deploy Reconciliation capabilities in ACE.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 10/15/16		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	291	273
SUBZONES	757	603
PENDING		
ZONES		4
SUBZONES		14
MISCELLANEOUS		44

The material contained herein is not to be construed as legal advice or opinion. More information may be obtained by contacting any attorney within the firm.

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